SUPREME COURT, U. S.

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No. 386

In the

Supreme Court of the United States

OCTOBER TERM, 1967

STEWART-WARNER CORPORATION,

Petitioner,

vs.

BISHMAN MANUFACTURING CO. and GEORGE T. HEMMETER,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit in its case No. 15916.

OPINIONS BELOW

The amended opinion of the Court of Appeals has not yet been reported, but is reprinted as Appendix A to this petition (1a, *infra*); the original opinion is reported at 153 USPQ 496 and reprinted as Appendix B (8a, *infra*), and the order amending that opinion is printed as Appendix C (15a, *infra*).

The opinion of the District Court for the Northern District of Illinois is reported at 259 F.Supp. 300 and reprinted as Appendix F to this petition (18a, *infra*); the District Court's findings of fact and conclusions of law and its final judgment appear at pages 473 through 490 of the appendix to petitioner's brief in the Court of Appeals.*

JURISDICTION

The judgment of the Court of Appeals was entered on May 3, 1967 (Appendix D, 16a, *infra*). Stewart-Warner's timely petition for rehearing *en banc* was denied on June 15, 1967 (Appendix E, 17a, *infra*). This Court has jurisdiction under 28 U.S.C. §§ 1254(1) and 2101(c).

QUESTION PRESENTED

Where a patent was granted only after the patentee had narrowed the broad claims submitted to and rejected by the Patent Office, either by amending those claims or cancelling them and substituting others, is the estoppel which results:

(a) Measured by the **entire difference** between the claims the patentee unsuccessfully sought and those finally allowed to him (as this Court and the Courts of Appeals for the Second and Ninth Circuits have held), or is it

(b) Limited to that **part of the difference** between the rejected claims and the allowed claims which was **required by the Patent Office** as a condition for the grant (as the Courts of Appeals for the Fifth and Seventh Circuits have held, in defiance of this Court's holdings)?

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* Hereafter, the appendix to petitioner's brief in the Court of Appeals is referred to by the abbreviation "R.", petitioner is referred to as "Stewart-Warner", and respondents are referred to as "Bishman" and "Hemmeter" respectively.

NO STATUTORY PROVISION INVOLVED

The doctrine of file wrapper estoppel does not rest on statute. It is an equitable limitation on the doctrine of infringement through equivalents, designed to protect the public against expansion of a patent monopoly through judicial interpretation of the patent in such a way as to cover subject matter the patentee unsuccessfully attempted to claim in his application.

The doctrine was established and has been applied in a long line of famous decisions by this Court, the last of which was handed down 25 years ago (*Exhibit Supply Co.* v. *Ace Corp.* (1942), 315 U.S. 126). Those decisions hold that a patentee cannot invoke the doctrine of equivalents to establish infringement of his patent by any device not literally covered by the claims granted in his patent, but coming within the literal scope of a claim presented to and refused by the Patent Office.

During the 25 years since this Court last spoke on the subject, however, at least two Courts of Appeals have eroded away the law by refusing to enforce file wrapper estoppels against limitations in patent claims which, in their opinion, were not really necessary, i.e., were deemed "voluntary" on the part of the patentee. Those Courts hold that such an estoppel is limited to specific distinctions and restrictions in the claims which —upon reviewing the Patent Office actions, the cited prior art, and the patentee's amendments of his application— they conclude were required by the Patent Office as a condition for granting the patent.

STATEMENT OF THE CASE

This is an action for infringement of Hemmeter U.S. patent No. 3,094,003, of which the District Court had jurisdiction under 28 U.S.C. § 1338(a).

The patent in suit relates to an "on-the-car" wheel balancer, so called because the balancer is attached to an automobile wheel and the balancing operation performed without removing the wheel from the car (R. 474). The function of such a balancer is to locate the "light spot" on the unbalanced wheel—i.e., the point which is 180° from the "heavy spot"—and indicate the amount of weight that must be added to the rim at that point in order to balance the wheel.

The Wheel Balancers Involved In This Action

All of the claims in the Hemmeter '003 patent define a wheel balancer which includes a pair of rotating counterweights journalled for movement "in axially-spaced planes of rotation," so they can rotate past one another (or recycle) during operation of the balancer (R. 264-266).

The Stewart-Warner wheel balancer, on the other hand, employs a pair of rotating counterweights that are journalled for movement in **common planes of rotation, but radially spaced** to permit recycling (R. 79-80 and 485; 23a-24a, *infra*).

History Of The Hemmeter '003 Application In The Patent Office

When the Hemmeter '003 application was filed in the Patent Office, four claims described the rotating counterweights as simply journalled or mounted "for rotation" about the axis of the balancer (claims 9, 10, 11 and 13,

R. 377-379). The parties have stipulated that one of those claims (original claim 11) literally reads on the Stewart-Warner balancer (R. 148).

In the first amendment of the Hemmeter application, a new claim was submitted in which the rotating counterweights were described as mounted for movement "in individual paths of rotation" (claim 17, R. 384)—language which also covers the radially spaced counterweight arrangement used in the Stewart-Warner balancer.*

Hemmeter was not, however, able to obtain allowance of any of the claims in which the rotating counterweights were broadly defined as journalled "for rotation" or mounted for movement "in individual paths of rotation"; indeed, not a single claim was allowed by the Patent Office until all of the claims had been restricted to a balancer having the rotating counterweights journalled for movement "in axially-spaced planes of rotation" (R. 381-410).

The District Court Decision

The District Court concluded that the radially spaced counterweights in the Stewart-Warner balancer were the functional and mechanical equivalent of the axially spaced counterweights called for by the claims of the Hemmeter '003 patent, and accordingly held that claim 4 of the patent—the only claim held valid—was infringed through operation of the doctrine of equivalents (23a-24a, *infra;* R. 486).

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* There are, of course, only two possible arrangements by which a pair of counterweights can be mounted to rotate past one another about a common axis; they must either be **axially spaced** (i.e., spaced apart from one another along the axle about which they rotate) or **radially spaced** (i.e., mounted on arms of different lengths).

The District Court's decision did not, however, contain a single reference to the principal non-infringement defense urged by Stewart-Warner—i.e., the contention that Hemmeter's amendment and cancellation of the broad claims which described the rotating counterweights as simply "journalled for rotation" or mounted for movement "in individual paths of rotation," and his substitution of claims which required that the counterweights be journalled for movement "in axially-spaced planes of rotation," estop Bishman and Hemmeter from asserting that the '003 patent is infringed by a wheel balancer in which the rotating counterweights are **radially spaced** (18a-25a, *infra;* R. 473-488).

The Court of Appeals Decision

In the Court of Appeals, Stewart-Warner did not challenge the District Court's finding that the radially spaced counterweights in its balancer are the functional and mechanical equivalent of the counterweights journalled for movement "in axially-spaced planes of rotation" called for by claim 4 of the Hemmeter patent, but contended that the doctrine of file wrapper estoppel superseded and precluded application of the doctrine of infringement through equivalents in this case.

Upon reviewing the file history of the Hemmeter application and considering the various phrases used by Hemmeter to describe the rotating counterweights in his original and amended claims, the Court of Appeals rejected Stewart-Warner's file wrapper estoppel argument because it concluded that:

> ". . . The objections raised by the Patent Office in its rejection of the original and amended claims were not directed to any distinctions of substantive importance to be drawn from one or the other of these

phrases, nor did the Patent Office make a restriction in any of such phrases a condition for the awarding of a patent . . ." (6a, *infra*).

The result is that the District Court and the Court of Appeals, by applying the doctrine of equivalents and refusing to apply the doctrine of file wrapper estoppel, have given the "axially-spaced planes of rotation" language in claim 4 of the Hemmeter '003 patent the very same construction which would have been given the much broader "for rotation" or "in individual paths of rotation" language that appeared in the rejected and cancelled claims of the Hemmeter application.

REASONS FOR GRANTING THE WRIT

There is a basic conflict between the file wrapper estoppel decisions of:

(a) The Courts of Appeals of the Seventh Circuit (in this case) and the Fifth Circuit (in *Hunt Tool Co.* v. *Lawrence* (5 Cir., 1957), 242 F.2d 347) and

(b) The controlling decisions of this Court (typified by *I.T.S. Rubber Co.* v. *Essex Rubber Co.* (1926), 272 U.S. 429; *Smith* v. *Magic City Kennel Club Inc.* (1931), 282 U.S. 784; *Schriber-Schroth Co.* v. *Cleveland Trust Co.* (1940), 311 U. S. 211; and *Exhibit Supply Co.* v. *Ace Patents Corp.* (1942), 315 U.S. 126) and decisions of the Courts of Appeals for the Second and Ninth Circuits (*Keith* v. *Charles E. Hires Co.* (2 Cir., 1940), 116 F.2d 46; and *Oregon Saw Chain Corp.* v. *McCulloch Motors Corp.* (9 Cir., 1963), 323 F.2d 758).

This conflict lies at the very heart of the doctrine of file wrapper estoppel.

The Nature of The Decisional Conflict

The decisions of this Court hold that a file wrapper estoppel arises because of what the patentee actually did, to obtain his patent; they indicate that **any amendment of a patentee's claim constitutes a disclaimer,** and that the patentee is thereafter estopped to recapture the subject matter disclaimed, whatever the occasion for the amendment.

Thus, in *I.T.S. Rubber Co.* v. *Essex Rubber Co.* (1926), 272 U.S. 429, this Court stated:

> "The applicant having limited his claim by amendment and accepted a patent, brings himself within the rules that if the claim to a combination be restricted to specified elements, all must be regarded as material, and that **limitations imposed by the inventor,** especially such as were introduced into an application after it had been persistently rejected, **must be strictly construed against the inventor and looked upon as disclaimers.** *Sargent* v. *Hall Safe & Lock Co.*, 114 U.S. 63, 86; *Shepard* v. *Carrigan, supra,* 598; *Hubbell* v. *United States, supra,* 85. The patentee is thereafter estopped to claim the benefit of his rejected claim or such a construction of his amended claim as would be equivalent thereto . . ." (272 U.S. 443-444; bold face emphasis added).

Similarly, in *Exhibit Supply Co.* v. *Ace Patents Corp.* (1942), 315 U.S. 126, where the claim in question had first been amended in response to a prior art rejection (315 U.S. 133) and then further amended to overcome a rejection "that the device claimed by the amendment 'would be inoperative'" (315 U.S. 134), the Court said:

> "The difference which he thus disclaimed must be regarded as material, and **since the amendment operates as a disclaimer** of that difference **it must be strictly construed against him.** *Smith* v. *Magic City*

Kennel Club, supra, 790; *Shepard* v. *Carrigan,* 116 U.S. 593, 598; *Goodyear Dental Vulcanite Co.* v. *Davis,* 102 U.S. 222, 228. **As the question is one of construction of the claim, it is immaterial whether the examiner was right or wrong in rejecting the claim as filed.** *Hubbell* v. *United States, supra,* 83; *I.T.S. Rubber Co.* v. *Essex Rubber Co., supra,* 443. It follows that what the patentee, by a strict construction of the claim, has disclaimed—conductors which are carried by the table but not embedded in it—cannot now be regained by recourse to the doctrine of equivalents, which at most operates, by liberal construction, to secure to the inventor the full benefits, not disclaimed, of the claims allowed" (315 U.S. 137; bold face emphasis added).

The Courts of Appeals for the Second and Ninth Circuits have followed this Court's estoppel-by-disclaimer reasoning in their decisions.

Thus, in *Keith* v. *Charles E. Hires Co.* (2 Cir., 1940), 116 F.2d 46, Judge Learned Hand wrote:

> "The theory of the 'estoppel,' as it is called, is that, by assenting to the cancellation of the claim and by amending it, the applicant has abandoned it as it stood . . .
>
> "So far therefore as, but for the estoppel, Goldring might have been entitled to go beyond claim three in the case at bar, he lost that privilege as to the element by which that claim differs from the cancelled claim" (116 F.2d 48).

The decision of the Court of Appeals for the Ninth Circuit in *Oregon Saw Chain Corp.* v. *McCulloch Motors Corp.* (1963), 323 F.2d 758, contains a similar statement of the rule:

> "A disclaimer 'must be strictly construed' against the patentee; an inventor's amendment recognizes

and emphasizes the difference between the language used and 'proclaim[s] his abandonment of all that is embraced in that difference.' He cannot regain 'by recourse to the doctrine of equivalents' that which he, by strict construction of the claim, has disclaimed . . ." (323 F.2d 768).

During the 25 years since this Court's last file wrapper estoppel decision, however, the Courts of Appeals for the Seventh and Fifth Circuits have departed from the estoppel-by-disclaimer rule and held the estoppel is *not* measured by what the patentee did to obtain his patent, but is limited to what he was **required to do by the Patent Office**, as a condition for granting the patent.

Thus, in this case, the Court of Appeals for the Seventh Circuit rejected Stewart-Warner's file wrapper estoppel defense, stating:

> "A necessary condition for the establishment of a file wrapper estoppel is that the patentee must have narrowed his claim in response to an objection by the Patent Office in order to obtain the patent. *Exhibit Supply Co.* v. *Ace Patents Corp.*, 315 U.S. 126, 136 (1942); *I.T.S. Rubber Co.* v. *Essex Rubber Co.*, 272 U.S. 429, 444 (1926). In this case the patentee's claims as originally filed and as subsequently amended and cancelled variously described the pair of counterweights as journalled 'in axially-spaced locations for non-interfering rotation'; 'in axially-spaced planes for rotation'; 'for rotation'; 'for rotation in different axially-spaced planes'; 'in axially-spaced individual paths of rotation'; and 'in individual paths of rotation.' **The objections raised by the Patent Office in its rejection of the original and amended claims were not directed to any distinctions of substantive importance to be drawn from one or the other of these phrases, nor did the Patent Office make a restriction in any of such phrases a condition for the awarding**

> of a patent. Cf., *Hunt* v. *Armour & Co.*, 185 F.2d 722, 727 (7th Cir., 1950). Furthermore, in view of these numerous recitations from the cancelled claims, it is apparent that by finally adopting the 'axially-spaced planes of rotation' language (through the amendments drafted by the defendant's patent counsel) the patentee was simply adhering to the most descriptive recitation of his structure and was not 'abandoning' part of his claim to obtain a patent . . ." (5a-6a, *infra;* bold face emphasis added).

In reaching this conclusion, the Court of Appeals failed to follow the file wrapper estoppel decisions of this Court in two important respects:

1. It completely rejected the estoppel-by-disclaimer principle on which this Court's file wrapper estoppel decisions are based.

2. It reviewed the file history of the Hemmeter patent and analyzed the Patent Office actions and amendments of the application to determine whether the limitation of claim 4 to a balancer having counterweights journalled for movement "in axially-spaced planes of rotation" was really required by the Patent Office actions—in plain defiance of this Court's admonition that "Whether the examiner was right or wrong in rejecting the original claim, the court is not to inquire" (*I.T.S. Rubber Co.* v. *Essex Rubber Co.* (1926), 272 U.S. 429, 443).

The Court of Appeals for the Fifth Circuit did the very same thing when it found the doctrine of file wrapper estoppel inapplicable in *Hunt Tool Co.* v. *Lawrence* (1957), 242 F.2d 347, stating:

> ". . . since the patent examiner's objection was with reference to the prior art, appellants are protected by file wrapper estoppel only if they can show that

> their alleged infringement is in an area to which the prior art could possibly have been thought to extend so as to make it impossible to make valid claims there, for **there is no reason to presume that applicant made a disclaimer broader than necessary to yield to the actual challenge to his claim . . .**" (242 F.2d 354; bold face emphasis added).

The file wrapper estoppel decisions of this Court cannot be so construed.

In *Schriber-Schroth Co.* v. *Cleveland Trust Co.* (1940), 311 U.S. 211, this Court made it plain that an estoppel can arise, **even where the reason for allowance** of the claim against which the estoppel is applied **cannot be determined from the file history** (311 U.S. 221-222). In that same case, the Court said:

> "The injurious consequences to the public and to inventors and patent applicants if patentees were thus permitted to revive **cancelled or rejected** claims and restore them to their patents are manifest" (311 U.S. 221; bold face emphasis added).

Significantly, the Court's statement of the general rule of file wrapper estoppel in the disjunctive form—i.e., as applicable to claims that had been either "cancelled or rejected" (311 U.S. 221)—can only mean that subject matter not rejected by the Patent Office, but cancelled voluntarily by the applicant, must also be regarded as disclaimed, and that the patentee is estopped to contend otherwise.

The Courts of Appeals for the Seventh and Fifth Circuits have thus held patents infringed through operation of the doctrine of equivalents in cases where the controlling decisions of this Court dictate a holding that a file wrapper estoppel precludes application of the doctrine of equivalents—and the Courts of Appeals for the Second and Ninth Circuits would surely so decide.

The Significance of The Decisional Conflict

A majority of the patent suits in which infringement is an issue are based on application of the doctrine of equivalents, and a file wrapper estoppel defense is asserted in well over half of those cases.*

The necessity for a resolution of the decisional conflict regarding the law of file wrapper estoppel is accordingly clear.

So long as the conflict persists, no company doing business throughout the United States can predict whether a file wrapper estoppel defense will be sustained against a particular patent, since it cannot control where an infringement action may be brought against it—and patent owners compelled to rely on the doctrine of equivalents certainly bring suit in the Seventh or Fifth Circuits, whenever possible.

The superiority of the file wrapper estoppel rule announced in the decisions of this Court and applied in the Second and Ninth Circuits, when compared with the rule applied in the Fifth and Seventh Circuits, is also clear: Any patent lawyer can compare the rejected claims in an application with the claims granted in the patent and determine the difference between them, but no lawyer can—with assurance—predict what part of that difference the Court of Appeals for the Seventh Circuit (or the Court of Appeals for the Fifth Circuit) may ultimately conclude was actually **required** by the Patent Office

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* Infringement was one of the issues in 93 of the 243 federal court decisions involving issued patents reported in Volumes 148 through 151 of the United States Patent Quarterly during the calendar year 1966; the patent owner invoked the doctrine of equivalents to support the charge of infringement in 52 of those 93 cases, and was met with a file wrapper estoppel defense in 29 cases.

actions, or how much of that difference the Court may deem to have been **voluntary** on the part of the patentee.

Even so, unless this Court reasserts its supervisory authority over the Courts of Appeals in this important area of the patent law, it is not unlikely that other Courts of Appeals will follow the lead of the Fifth and Seventh Circuits, for the file wrapper estoppel rule those Courts have adopted gives them much greater flexibility in deciding cases than does the estoppel-by-disclaimer rule on which this Court's file wrapper estoppel decisions are based.

CONCLUSION

Long ago, this Court rejected the notion "that a claim in a patent is like a nose of wax which may be turned and twisted in any direction" (*White* v. *Dunbar* (1886), 119 U.S. 47, 51).

Today, however, in over half the patent cases in which infringement is an issue, the doctrine of equivalents is invoked to precisely that end.

Thus, it is not surprising that the Court of Appeals for the First Circuit, in a recent case, observed that:

> "Carried to an extreme, the doctrine of equivalents could undermine the entire patent system" (*Borg-Warner* v. *Paragon Gear Works, Inc.* (1 Cir., 1965), 355 F.2d 400, 404).*

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* Sad to say, the Court then demonstrated the truth of its warning by holding that a claim which described the range of adjustment in the location of a pump housing as "rotation through approximately 180°" was infringed by a construction in which the rotational range of adjustment was 127½°.

The doctrine of file wrapper estoppel was, of course, designed to prevent such a result. But it cannot perform that function if hedged about with limitations and restrictions that are (a) inconsistent with the estoppel-by-disclaimer rule on which this Court based the doctrine and (b) incapable of objective application, in any event.

This Court should, therefore, reassert its supervisory authority over the Courts of Appeals in cases involving the law of patent infringement and—by granting this petition for certiorari—resolve the uncertainty which now exists in that area of the law, just as it did for the law of patent validity through its decision in *Graham* v. *John Deere Co.* (1966), 383 U.S. 1.

Respectfully submitted,

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APPENDIX A

Amended Opinion of the Court of Appeals

(As amended pursuant to order entered June 12, 1967)

IN THE

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 15916 SEPTEMBER TERM, 1966 — APRIL SESSION, 1967

BISHMAN MANUFACTURING CO. and GEORGE T. HEMMETER,
Plaintiffs-Appellees,
v.
STEWART-WARNER CORPORATION,
Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

MAY 3, 1967

Before HASTINGS, *Chief Judge,* CASTLE, and SWYGERT, *Circuit Judges.*

SWYGERT, *Circuit Judge.* Stewart-Warner Corporation, a Virginia corporation with its principal place of business in Chicago, Illinois, appeals from a judgment of the district court in an action for patent infringement brought by George T. Hemmeter and Bishman Manufacturing Company, a Minnesota corporation, as the owner and exclusive licensee, respectively, of United States Letters Patent No. 3,094,003. The district court held claim four of the patent valid and infringed and awarded costs to

the plaintiffs.[1] *Bishman Mfg. Co.* v. *Stewart-Warner Corp.*, 259 F. Supp. 300 (N.D. Ill. 1966). The defendant contends (1) that claim four of the patent is invalid; (2) that the doctrine of file wrapper estoppel prevents the plaintiffs from claiming infringement by the defendant's device; (3) that the plaintiffs are estopped by equitable considerations from enforcing the patent against the defendant; and (4) that costs were improperly awarded to the plaintiffs because four of the five claims in suit were held invalid.

In raising these contentions the defendant makes only a few sporadic references to the findings of fact adopted by the district court in conjunction with its opinion. The defendant's challenges are essentially concerned with the conclusions drawn from the evidence, and for this reason an extensive recitation of the facts underlying the questions presented is not necessary.

Claim four of the patent in suit relates to an "on-the-car" wheel balancer, a mechanical device attached to the wheel of an automobile which performs the balancing operation without removing the wheel from the car. When the balancing operation is completed, visual indicators on the patented device point to the "light spot" of an unbalanced wheel and show the amount of weight to be added to the wheel rim at that point to balance the wheel. The device employs a pair of counterweights which rotate indefinitely in opposite directions relative to a hub carried on a circular base attached to the wheel. The rotating counterweights operate in conjunction with a fixed counterweight attached to the hub which, when disposed opposite the "heavy spot" on the wheel, permits the rotating counterweights to be useful in performing their balancing function through the entire 360-degree cycle of rotation.

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[1] Claims one, six, seven, and twelve of the patent were held invalid. The plaintiffs have not cross-appealed from that portion of the judgment. The district court also dismissed a counterclaim filed by the defendant seeking an implied license under the patent. The defendant does not challenge that dismissal.

The defendant maintains that claim four is invalid because it represents an obvious aggregation of old elements, 35 U.S.C. § 103, and because it is directed to an exhausted combination of elements performing no new function in the combination. The plaintiffs concede that each of the various elements of claim four is found in the prior art. As the district court stated, "The use of two indefinitely rotating counterweights in a balance other than a wheel balancer was disclosed in [the]Thearle patent [No. 1,876,527], although Thearle accomplished the rotation by radially spacing the weights rather than by axially spacing them, an obvious equivalent alternative."[2] 259 F. Supp. at 303. Thearle did not contain a fixed counterweight acting in conjunction with the rotating counterweights, however, with the result that the counterweights in Thearle created a negative balancing action beyond a rotation of 180 degrees. The use of a fixed counterweight in a wheel balancer is shown in an earlier patent obtained by the plaintiff Hemmeter, No. 2,779,196. In the Hemmeter '196 patent the fixed counterweight was used in combination with a single counterweight which was adjustable radially along a single plane. The fixed counterweight enabled the movable counterweight to operate effectively across the full diameter of the balancer.

The district court concluded that claim four, which recites the rotating counterweight-fixed counterweight combination, was a new combination "not apparent to persons skilled in the art." The evidence summarized by the court in its discussion of validity is, we think, adequate to support the court's conclusion. The court noted the superior performance of the wheel balancer embodying the patent, performance which was attested to by the defendant's interest in purchasing Hemmeter's business and patent rights and by the defendant's imitation of the patented device. The court also noted that nothing in the prior art suggested the patented combina-

[2] Claims, one, six, seven, and twelve, which described the rotating-counterweight arrangement, were held invalid because of the Thearle patent, a reference not cited to the Patent Office.

tion and that none of Hemmeter's numerous competitors had discovered it.[3]

The defendant has carefully documented the steps by which it believes the disclosures of the Thearle patent, the Hemmeter '196 patent, and other patents made it obvious to combine rotating counterweights with a fixed counterweight to produce the balancer disclosed by claim four. In this connection it should be noted, however, that Thearle discloses a structure which functions in a substantially different manner than the balancers disclosed in the other references cited. The combination of elements from Thearle and the Hemmeter '196 patent to produce the patented device requires considerably more than a simple transposition, and could properly be held to have demonstrated more than the ordinary skill of the calling.

With reference to the defendant's exhausted combination argument, we think this doctrine and the cases cited to support it, notably *Lincoln Eng'r Co.* v. *Stewart-Warner Corp.*, 303 U.S. 545 (1938), are inapplicable. The *Lincoln Eng'r* case held that the exhausted combination doctrine applies when a number of old elements are aggregated which, when aggregated, produce no new or different operation or result than that theretofore produced. Here the combination of old elements produced a result not previously accomplished—a balancer in which the entire recycling operation of the rotating counterweights is functional, thus permitting the operator to conduct the balancing operation more efficiently than ever before.

Finally, the defendant says the alleged novelty urged by the patentee in his original patent application and through several subsequent amendments related solely to the rotating feature of the pair of counterweights. The defendant notes that the presence of the fixed counter-

[3] In addition, the district court relied upon the fact that the defendant's patent counsel, during the course of negotiations between the defendant and Hemmeter with respect to the sale of the latter's business to the defendant, prepared claim four in the language finally accepted by the Patent Office. We do not attach any significance to the efforts of the defendant's patent counsel with respect to the validity of claim four.

weight was not mentioned in the claims as originally filed, and it argues, with some persuasiveness, that the validity of the patent should not be upheld on the basis of an argument not advanced in the patent office. *Cf., Graham* v. *John Deere Co.*, 383 U.S. 1, 25 (1966). As is clear from the file history, however, many of the patentee's early difficulties with the patent examiner were of a technical, rather than a substantive, nature. After these difficulties were obviated by the draftsmanship of the defendant's patent counsel, the presence of the fixed counterweight in combination with the recycling counterweights became the focal point of claim four, the claim in suit. Even though the patent specifications do not explicitly ascribe novelty to the coaction of the various counterweights, they do sufficiently indicate the significance of the particular combination to nullify the defendant's objection that the inventive concept claimed in the district court was an afterthought.

The defendant next raises a claim of file wrapper estoppel as a defense to the district court's finding of infringement. The district court based its finding upon the equivalence of the defendant's accused structure to the patented device, and the defendant admits that its balancers are the "functional and mechanical" equivalents of the structure disclosed in claim four. The defendant relies upon the familiar rule that a claim of file wrapper estoppel, if established, supercedes the doctrine of equivalents. *E.g., Lewis* v. *Avco Mfg. Corp.*, 228 F.2d 919 (7th Cir. 1956). The defendant says that the language relating to the rotation of the pair of counterweights in certain of the patentee's original claims was thereafter voluntarily "restricted" to require that the counterweights be journalled to the hub in such a manner as to rotate "in axially-spaced planes of rotation." The defendant argues that the patentee is bound by his choice of language and that the plaintiffs are estopped to claim infringement by the defendant because the counterweights in the defendant's balancers are "radially spaced" for rotation in the same plane.

We do not think the proceedings in the Patent Office by which claim four was allowed estop the plaintiffs from relying upon the doctrine of equivalents to support the finding of infringement. A necessary condition for the establishment of a file wrapper estoppel is that the patentee must have narrowed his claim in response to an objection by the Patent Office in order to obtain the patent. *Exhibit Supply Co.* v. *Ace Patents Corp.*, 315 U.S. 126, 136 (1942); *I.T.S. Rubber Co.* v. *Essex Rubber Co.*, 272 U.S. 429, 444 (1926). In this case the patentee's claims as originally filed and as subsequently amended and cancelled variously described the pair of counterweights as journalled "in axially-spaced locations for non-interfering rotation"; "in axially-spaced planes for rotation"; "for rotation"; "for rotation in different axially-spaced planes"; "in axially-spaced individual paths of rotation"; and "in individual paths of rotation." The objections raised by the Patent Office in its rejection of the original and amended claims were not directed to any distinctions of substantive importance to be drawn from one or the other of these phrases, nor did the Patent Office make a restriction in any of such phrases a condition for the awarding of a patent. *Cf., Hunt* v. *Armour & Co.*, 185 F.2d 722, 727 (7th Cir. 1950). Furthermore, in view of these numerous recitations from the cancelled claims, it is apparent that by finally adopting the "axially-spaced planes of rotation" language (through the amendments drafted by the defendant's patent counsel) the patentee was simply adhering to the most descriptive recitation of his structure and was not "abandoning" part of his claim to obtain a patent. The doctrine of file wrapper estoppel is therefore inapplicable.

The defendant contends that the plaintiff Hemmeter's conduct in relation to certain negotiations with the defendant and the subsequent sale of Hemmeter's business to the plaintiff Bishman presents equitable grounds for denying enforcement of the patent against the defendant. The facts upon which this assertion is based are detailed in the opinion of the district judge, in which it was held that the plaintiffs were not barred from enforcing the

patent against the defendant. We find no error in the district judge's thorough treatment of this issue.

The defendant's final argument, that the district court improperly awarded costs to the plaintiffs because four of the five claims in suit were held invalid, must be sustained. The question is controlled by this court's decision in *Zysset* v. *Popeil Bros.*, 318 F.2d 701, 708 (7th Cir. 1963), *cert. denied*, 376 U.S. 913 (1964), where we held that the language of 35 U.S.C. § 288[4] is mandatory and that plaintiffs who were only partially successful could recover no costs because no disclaimer of a claim held invalid was filed prior to the commencement of the infringement action. *See also* 28 U.S.C. § 1928. The plaintiffs in the instant case were therefore not entitled to an award of costs.

The judgment of the district court is affirmed except insofar as it awards costs to the plaintiffs.

[4] 35 U.S.C. § 288 provides:
Whenever, without deceptive intention, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent Office before the commencement of the suit.

APPENDIX B

Original Opinion of the Court of Appeals

IN THE
UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

No. 15916 SEPTEMBER TERM, 1966 — APRIL SESSION, 1967

BISHMAN MANUFACTURING CO. and GEORGE T. HEMMETER,
Plaintiffs-Appellees,
v.
STEWART-WARNER CORPORATION,
Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

MAY 3, 1967

Before HASTINGS, *Chief Judge,* CASTLE, and SWYGERT, *Circuit Judges.*

SWYGERT, *Circuit Judge.* Stewart-Warner Corporation, a Virginia corporation with its principal place of business in Chicago, Illinois, appeals from a judgment of the district court in an action for patent infringement brought by George T. Hemmeter and Bishman Manufacturing Company, a Minnesota corporation, as the owner and exclusive licensee, respectively, of United States Letters Patent No. 3,094,003. The district court held claim four of the patent valid and infringed and awarded costs to

the plaintiffs:[1] *Bishman Mfg. Co.* v. *Stewart-Warner Corp.*, 259 F. Supp. 300 (N.D. Ill. 1966). The defendant contends (1) that claim four of the patent is invalid; (2) that the doctrine of file wrapper estoppel prevents the plaintiffs from claiming infringement by the defendant's device; (3) that the plaintiffs are estopped by equitable considerations from enforcing the patent against the defendant; and (4) that costs were improperly awarded to the plaintiffs because four of the five claims in suit were held invalid.

In raising these contentions the defendant makes only a few sporadic references to the findings of fact adopted by the district court in conjunction with its opinion. The defendant's challenges are essentially concerned with the conclusions drawn from the evidence, and for this reason an extensive recitation of the facts underlying the questions presented is not necessary.

Claim four of the patent in suit relates to an "on-the-car" wheel balancer, a mechanical device attached to the wheel of an automobile which performs the balancing operation without removing the wheel from the car. When the balancing operation is completed, visual indicators on the patented device point to the "light spot" of an unbalanced wheel and show the amount of weight to be added to the wheel rim at that point to balance the wheel. The device employs a pair of counterweights which rotate indefinitely in opposite directions relative to a hub carried on a circular base attached to the wheel. The rotating counterweights operate in conjunction with a fixed counterweight attached to the hub which, when disposed opposite the "heavy spot" on the wheel, permits the rotating counterweights to be useful in performing their balancing function through the entire 360-degree cycle of rotation.

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[1] Claims one, six, seven, and twelve of the patent were held invalid. The plaintiffs have not cross-appealed from that portion of the judgment. The district court also dismissed a counterclaim filed by the defendant seeking an implied license under the patent. The defendant does not challenge that dismissal.

The defendant maintains that claim four is invalid because it represents an obvious aggregation of old elements, 35 U.S.C. § 103, and because it is directed to an exhausted combination of elements performing no new function in the combination. The plaintiffs concede that each of the various elements of claim four is found in the prior art. As the district court stated, "The use of two indefinitely rotating counterweights in a balance other than a wheel balancer was disclosed in [the]Thearle patent [No. 1,876,527], although Thearle accomplished the rotation by radially spacing the weights rather than by axially spacing them, an obvious equivalent alternative."[2] 259 F. Supp. at 303. Thearle did not contain a fixed counterweight acting in conjunction with the rotating counterweights, however, with the result that the counterweights in Thearle created a negative balancing action beyond a rotation of 180 degrees. The use of a fixed counterweight in a wheel balancer is shown in an earlier patent obtained by the plaintiff Hemmeter, No. 2,779,196. In the Hemmeter '196 patent the fixed counterweight was used in combination with a single counterweight which was adjustable radially along a single plane. The fixed counterweight enabled the movable counterweight to operate effectively across the full diameter of the balancer.

The district court concluded that claim four, which recites the rotating counterweight-fixed counterweight combination, was a new combination "not apparent to persons skilled in the art." The evidence summarized by the court in its discussion of validity is, we think, adequate to support the court's conclusion. The court noted the superior performance of the wheel balancer embodying the patent, performance which was attested to by the defendant's interest in purchasing Hemmeter's business and patent rights and by the defendant's imitation of the patented device. The court also noted that nothing in the prior art suggested the patented combina-

[2] Claims one, six, seven, and twelve, which described the rotating-counterweight arrangement, were held invalid because of the Thearle patent, a reference not cited to the Patent Office.

tion and that none of Hemmeter's numerous competitors had discovered it.[3]

The defendant has carefully documented the steps by which it believes the disclosures of the Thearle patent, the Hemmeter '196 patent, and other patents made it obvious to combine rotating counterweights with a fixed counterweight to produce the balancer disclosed by claim four. In this connection it should be noted, however, that Thearle discloses a structure which functions in a substantially different manner than the balancers disclosed in the other references cited. The combination of elements from Thearle and the Hemmeter '196 patent to produce the patented device requires considerably more than a simple transposition, and could properly be held to have demonstrated more than the ordinary skill of the calling.

With reference to the defendant's exhausted combination argument, we think this doctrine and the cases cited to support it, notably *Lincoln Eng'r Co.* v. *Stewart-Warner Corp.*, 303 U.S. 545 (1938), are inapplicable. The *Lincoln Eng'r* case held that the exhausted combination doctrine applies when a number of old elements are aggregated which, when aggregated, produce no new or different operation or result than that theretofore produced. Here the combination of old elements produced a result not previously accomplished—a balancer in which the entire recycling operation of the rotating counterweights is functional, thus permitting the operator to conduct the balancing operation more efficiently than ever before.

Finally, the defendant says the alleged novelty urged by the patentee in his original patent application and through several subsequent amendments related solely to the rotating feature of the pair of counterweights. The defendant notes that the presence of the fixed counter-

[3] In addition, the district court relied upon the fact that the defendant's patent counsel, during the course of negotiations between the defendant and Hemmeter with respect to the sale of the latter's business to the defendant, prepared claim four in the language finally accepted by the Patent Office. We do not attach any significance to the efforts of the defendant's patent counsel with respect to the validity of claim four.

weight was not mentioned in the claims as originally filed, and it argues, with some persuasiveness, that the validity of the patent should not be upheld on the basis of an argument not advanced in the patent office. *Cf., Graham* v. *John Deere Co.*, 383 U.S. 1, 25 (1966). As is clear from the file history, however, many of the patentee's early difficulties with the patent examiner were of a technical, rather than a substantive, nature. After these difficulties were obviated by the draftsmanship of the defendant's patent counsel, the presence of the fixed counterweight in combination with the recycling counterweights became the focal point of claim four, the claim in suit. Even though the patent specifications do not explicitly ascribe novelty to the coaction of the various counterweights, they do sufficiently indicate the significance of the particular combination to nullify the defendant's objection that the inventive concept claimed in the district court was an afterthought.

The defendant next raises a claim of file wrapper estoppel as a defense to the district court's finding of infringement. The district court based its finding upon the equivalence of the defendant's accused structure to the patented device, and the defendant admits that its balancers are the "functional and mechanical" equivalents of the structure disclosed in claim four. The defendant relies upon the familiar rule that a claim of file wrapper estoppel, if established, supercedes the doctrine of equivalents. *E.g., Lewis* v. *Avco Mfg. Corp.*, 228 F.2d 919 (7th Cir. 1956). The defendant says that the language relating to the rotation of the pair of counterweights in certain of the patentee's original claims was thereafter voluntarily "restricted" to require that the counterweights be journalled to the hub in such a manner as to rotate "in axially-spaced planes of rotation." The defendant argues that the patentee is bound by his choice of language and that the plaintiffs are estopped to claim infringement by the defendant because the counterweights in the defendant's balancers are "radially spaced" for rotation in the same plane.

We do not think the proceedings in the Patent Office by which claim four was allowed estop the plaintiffs from relying upon the doctrine of equivalents to support the finding of infringement. A necessary condition for the establishment of a file wrapper estoppel is that the patentee must have narrowed his claim in response to an objection based upon the prior art in order to obtain the patent. *Exhibit Supply Co.* v. *Ace Patents Corp.*, 315 U.S. 126, 136 (1942); *I.T.S. Rubber Co.* v. *Essex Rubber Co.*, 272 U.S. 429, 444 (1926). In this case the patentee's claims as originally filed and as subsequently amended and cancelled variously described the pair of counterweights as journalled "in axially-spaced locations for non-interfering rotation"; "in axially-spaced planes for rotation"; "for rotation"; "for rotation in different axially-spaced planes"; "in axially-spaced individual paths of rotation"; and "in individual paths of rotation." The objections raised by the Patent Office in its rejection of the original and amended claims were not directed to any distinctions of substantive importance to be drawn from one or the other of these phrases, nor did the Patent Office make a restriction in any of such phrases a condition for the awarding of a patent over the prior art. *Cf., Hunt* v. *Armour & Co.*, 185 F.2d 722, 727 (7th Cir. 1950). Furthermore, in view of these numerous recitations from the cancelled claims, it is apparent that by finally adopting the "axially-spaced planes of rotation" language (through the amendments drafted by the defendant's patent counsel) the patentee was simply adhering to the most descriptive recitation of his structure and was not "abandoning" part of his claim to obtain a patent. The doctrine of file wrapper estoppel is therefore inapplicable.

The defendant contends that the plaintiff Hemmeter's conduct in relation to certain negotiations with the defendant and the subsequent sale of Hemmeter's business to the plaintiff Bishman presents equitable grounds for denying enforcement of the patent against the defendant. The facts upon which this assertion is based are detailed in the opinion of the district judge, in which it was held

that the plaintiffs were not barred from enforcing the patent against the defendant. We find no error in the district judge's thorough treatment of this issue.

The defendant's final argument, that the district court improperly awarded costs to the plaintiffs because four of the five claims in suit were held invalid, must be sustained. The question is controlled by this court's decision in *Zysset* v. *Popeil Bros.*, 318 F. 2d 701, 708 (7th Cir. 1963), *cert. denied*, 376 U.S. 913 (1964), where we held that the language of 35 U.S.C. § 288[4] is mandatory and that plaintiffs who were only partially successful could recover no costs because no disclaimer of a claim held invalid was filed prior to the commencement of the infringement action. *See also* 28 U.S.C. § 1928. The plaintiffs in the instant case were therefore not entitled to an award of costs.

The judgment of the district court is affirmed except insofar as it awards costs to the plaintiffs.

---

[4] 35 U.S.C. § 288 provides:
Whenever, without deceptive intention, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent Office before the commencement of the suit.

APPENDIX C

Order Amending Original Opinion Of the Court of Appeals

UNITED STATES COURT OF APPEALS

For The Seventh Circuit

Chicago, Illinois 60604

June 12, 1967

Before

Hon. John S. Hastings, Chief Judge

Hon. Latham Castle, Circuit Judge

Hon. Luther M. Swygert, Circuit Judge

BISHMAN MANUFACTURING Co. and GEORGE T. HEMMETER,
Plaintiffs-Appellees,
v.
STEWART-WARNER CORPORATION,
Defendant-Appellant.

No. 15916

It is ordered that the opinion of this court heretofore filed on May 3, 1967 be amended in the following respects:

On line seven in paragraph two on page five of the slip opinion, delete the words "based upon the prior art" and substitute therefor the words "by the Patent Office."

On line two of the partial paragraph beginning at the top of page six of the slip opinion, delete the words "over the prior art."

It is further ordered that the said opinion be reprinted with the foregoing amendments.

APPENDIX D

Judgment of the Court of Appeals

UNITED STATES COURT OF APPEALS

For The Seventh Circuit

Chicago, Illinois 60604

Wednesday, May 3, 1967

Before

Hon. John S. Hastings, Chief Judge

Hon. Latham Castle, Circuit Judge

Hon. Luther M. Swygert, Circuit Judge

BISHMAN MANUFACTURING Co. and GEORGE T. HEMMETER,
Plaintiffs-Appellees,

No. 15916 v.

STEWART-WARNER CORPORATION,
Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Illinois, Eastern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, AFFIRMED, with costs, except insofar as the said judgment of the District Court awards costs to the plaintiffs, in accordance with the opinion of this Court filed this day.

APPENDIX E

Order Denying Petition for Rehearing en banc

UNITED STATES COURT OF APPEALS

For The Seventh Circuit

Chicago, Illinois 60604

Thursday, June 15, 1967

Before

Hon. John S. Hastings, Chief Judge
Hon. Elmer J. Schnackenberg, Circuit Judge
Hon. Win G. Knoch, Circuit Judge
Hon. Latham Castle, Circuit Judge
Hon. Roger J. Kiley, Circuit Judge
Hon. Luther M. Swygert, Circuit Judge
Hon. Thomas E. Fairchild, Circuit Judge
Hon. Walter J. Cummings, Jr., Circuit Judge

BISHMAN MANUFACTURING Co. and GEORGE T. HEMMETER,
Plaintiffs-Appellees,
v.
STEWART-WARNER CORPORATION,
Defendant-Appellant.

No. 15916

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

The opinion of this Court heretofore filed on May 3, 1967, having been modified by order on June 12, 1967;

It Is Ordered by the Court, *en banc*, that the defendant-appellant's petition for rehearing *en banc* be, and the same is hereby DENIED.

APPENDIX F

Opinion of the District Court

250 UNITED STATES DISTRICT COURT.

* * (Caption—65-C-897) * *

OPINION.

This is an action for patent infringement in which defendant counter-claims for a royalty-free license based on what amounts to an alleged breach of promise of corporate marriage.

The facts as set forth in the Findings of Fact may be summarized as follows. Plaintiff, George T. Hemmeter (hereinafter also referred to as "Hemmeter"), is an inventor and prior to 1962 was the principal owner and president of the Hemmeter Corporation which, since 1952, had manufactured mechanical automobile wheel balancers.

Defendant, Stewart-Warner Corporation (hereinafter also referred to as "Stewart-Warner"), through its Alemite Instrument Division, prior to 1962 manufactured and sold an electronic wheel balancer which would
251 indicate the light section of an unbalanced wheel but would not indicate the amount of corrective weight to be added as the mechanical balancers did.

In the fall of 1961, Hemmeter and representatives of defendant entered into discussions looking toward the acquisition of the former by the latter. Stewart-Warner was particularly interested in the lastest model of the Hemmeter "Dial-O-Matic" and the several Hemmeter wheel balancer patents and patent applications, particularly Serial No. 700,778, which ultimately evolved into the patent in suit.

At Stewart-Warner's request, Hemmeter, on October 16, 1961, forwarded his file on the pending application

to defendant with the understanding that it was submitted confidentially for "use in determining the value of the items offered for sale."

Having had no response by November 6, Hemmeter wrote defendant inquiring as to whether or not they were interested in acquiring his business. After some inconsequential communications defendant in mid-December sent four of its representatives to California to inspect the Hemmeter operation. On their return to Chicago the delegation reported that the latest Hemmeter balancer was "superior to competition."

On January 30, 1962, defendant by letter outlined two general alternative approaches which it might be
252 willing to consider as a basis for the acquisition, but made it clear that the suggestions were "informal." Hemmeter replied immediately by letter dated January 31, indicating a preference for the second alternative but suggesting some modifications and the desirability of having preliminary papers prepared.

On February 15, at defendant's request, Hemmeter gave Stewart-Warner power to inspect his pending patent applications which power was filed with the Patent Office on February 28 by one of defendant's patent attorneys who examined the files.

On March 23, Hemmeter, not having heard from defendant, wrote observing that his "personal patent file has been in Stewart-Warner's possession since the latter part of October 1961." He pointed out that certain Patent Office due dates were "dangerously close" with much work remaining to be done. He also requested "a briefing on the progress of the written contracts."

Six days later, on March 29, defendant advised Hemmeter that one of its patent attorneys had discussed the key pending application with the patent examiner who was handling it and suggested that "this office pre-
253 pare a draft of an amendment which should be filed" in the Patent Office before May 12. They ob-

served that if the acquisition was effected prior to May 12, Stewart-Warner would file it directly. If not, then Hemmeter's patent counsel could consider the advisability of filing the amendment as prepared by defendant's patent department.

Hemmeter agreed to the suggestion on April 2 and on April 11, defendant sent him the proposed amendment which, as the covering letter indicated, contained "all new claims." These are the claims which were subsequently allowed and which defendant's patent counsel now urge are invalid although they expressed a contrary opinion in their letter of April 11.

Meanwhile, on April 3, 1962, defendant sent Hemmeter drafts of six proposed agreements which together were to constitute the contract of acquisition. The forwarding letter stated, however, that the drafts were sent only for Hemmeter's comments and cautioned that "None of the agreements should be either dated or signed at this time since this letter does not constitute a firm offer which can be accepted by you." Hemmeter turned the documents over to his general counsel and to his patent attorney who rendered written opinions dated April
254 17 and 18 respectively, both of which severely criticized the drafts.

Hemmeter sent the opinions to defendant with the covering letter on April 19 which expressed the hope that a "workable agreement" might still be reached. Defendant did not reply to Hemmeter's April 19 letter until May 29. In the reply, defendant agreed to some modifications but referred to certain "important problems which still exist" and suggested these be re-referred to Hemmeter's attorneys for further consideration.

Between April 19 and May 29, Hemmeter entered into discussions with representatives of Bishman Manufacturing Co. (hereinafter also referred to as "Bishman"), the first contact taking place on May 12. Hemmeter gave Bishman an option on June 12, one month later. On June 13, Hemmeter advised Stewart-Warner of the op-

tion, and on July 11 informed defendant that the option had been exercised and he had sold his business, including the patents, to Bishman. Defendant, in a letter of July 24, acknowledged receipt of the information and the resultant termination of their negotiations, extended Hemmeter best wishes and invited him to bring to Stewart-Warner's attention any wheel-balancing ideas he might develop in the future.

On July 2, Hemmeter picked up from Associated Techdata Inc. of Palo Alto, California, the original vel-
255 lum drawings of his latest model balancer which drawings had originally been ordered by Stewart-Warner because they desired more sophisticated drawings than those Hemmeter had been using in his manufacture of the balancer. A set of the Techdata drawings had been sent to defendant in April with the advice that the originals were being left "at Techdata pending your further instructions." No such instructions were ever given and, believing that Stewart-Warner no longer had any interest in them, Hemmeter picked up the drawings and turned them over to Bishman along with the other assets sold to them.

In 1962, after learning that Bishman had acquired Hemmeter, defendant instructed its Director of Engineering to design a balancer which would do the same things as the new Hemmeter balancer. While he had no previous experience in designing wheel balancers, he had had some experience in evaluating various competing units. In addition, of course, he had one of the latest Hemmeter models, the drawings thereof which had been forwarded by Hemmeter in April, the full patent application file, the results of the patent search, which disclosed all outstanding patents in the field and the report of the Stewart-Warner delegation which had inspected Hemmeter's plant and observed his production techniques.
256 Armed with this information, defendant's Chief Engineer developed the accused unit.

Plaintiffs contend that the patent in question is valid and that defendant's device infringes five of the claims

allowed in the patent, i. e., claims 1, 4, 6, 7 and 12. Defendant, on the other hand, denies the validity of the claims in question or that its device infringes them and asserts that in any event the patent should not be enforced against defendant or, alternatively, defendant should be given a royalty-free license.

A. Validity.

Dealing first with the issue of validity, it is Hornbook patent law that a patent is presumed to be valid and that the burden of proving its invalidity rests on those challenging it. Defendant, in endeavoring to satisfy this burden, points to a number of earlier patents and asserts that Hemmeter did no more than combine previously known and patented elements which would have been obvious to anyone skilled in the art. As we have set forth in the Findings of Fact, claims 1, 6, 7 and 12 relied on by plaintiff add nothing to the prior art since the use of two indefinitely rotating counterweights in a balancer other than a wheel balancer was disclosed in Thearle patent '527, although Thearle accomplished the rotation by radially spacing the weights rather than 257 by axially spacing them, an obvious equivalent alternative. Accordingly, we have found these claims invalid. Thearle, however, did not include a fixed counterweight with the result that the infinite rotation was useful only through 180 degrees.

Claim 4, on the other hand, admittedly describes a combination not theretofore known or used although defendant now contends anyone skilled in the art could have discovered it. It should be noted that this is contrary to the opinion of defendant's patent counsel at the time they prepared the amendment to the application.

The new combination described in claim 4 includes two infinitely rotating counterweights which rotate in opposite directions, plus a fixed counterweight. The resulting device, which defendant's representatives described as superior to competing balancers, permits easier and more accurate wheel balancing than was pre-

viously possible. The best evidence of this is defendant's evaluation, its interest in acquiring Hemmeter's business, patents and patent applications, and ultimately its development of a model which utilizes the same combination. Imitation by a competitor is not only the sincerest form of flattery but a touchstone of invention as well.
258 That it was not obvious to persons skilled in the art is apparent from the fact that although plaintiffs and defendant are only three of a number of wheel balancer manufacturers, none of them, including defendant, had discovered the combination and its superior performance until Hemmeter developed it.

It follows from the foregoing that claim 4 sets forth a combination which is a substantial advance over the prior art and which was not apparent to persons skilled in the art. In short, it represents invention and claim 4 is valid.

B. Infringement.

Defendant concedes that its accused device was developed to accomplish the same results as Hemmeter's latest model and that all its elements except one are the same as those of that model. It contends, however, that its use of radially spaced infinitely counter rotating weights, one of which is journalled to a sleeve mounted on the arm which supports the other weight, avoids infringement of claim 4 which specifies that the counterweights are mounted for rotation in axially spaced planes and individually journalled for rotation with respect to the hub about the hub's axis.

We have previously held that claims 1, 6, 7 and 12 are invalid in that the axial spacing and individual
259 journalling are the equivalent of the radially spaced weights of the Thearle patent. Defendant has simply adapted the Thearle mechanism for permitting the weights to rotate past each other in opposite directions. If plaintiffs' device for permitting the weights so to rotate is the mechanical equivalent of Thearle, as we have found, then it follows that defendant's arrangement

which is copied from Thearle is an equivalent of plaintiffs' device. Hemmeter's invention consists not of devising a method by which weights can counter rotate infinitely, but in combining such weights with a fixed weight to achieve a superior wheel-balancing device. Defendant's accused device employs precisely this combination though its method of rotating the counterweights is that employed in Thearle.

It follows then that defendant's accused device infringes claim 4 of the patent in issue.

C. Defendant's Counter-Claim.

Defendant urges that Hemmeter's conduct in his dealings with Stewart-Warner and his subsequent sale of his business to Bishman raise equitable grounds either for denying enforcement of the patent against defendant or awarding defendant a royalty-free license.

We conclude that Hemmeter acted fairly and reasonably under all the circumstances. He negotiated and
260 discussed the sale of his business to defendant for approximately eight months, disclosed all the information which Stewart-Warner requested and frequently urged action to bring the transaction to a conclusion. At the end of that time, he was sent drafts of six documents which his counsel found unsatisfactory. He communicated their objections to defendant who took no further action thereon for forty days although its patent counsel were proceeding to secure the issuance of a patent. Finally, he concluded not unreasonably, that he should not put all his eggs in the Stewart-Warner basket and entered into negotiations with Bishman. While defendant was apparently waiting to ascertain the value of the dowry which the bride would bring to the corporate marriage, she understandably concluded that there was a serious possibility of being jilted and found another suitor less cautious.

This hardly constitutes fraud, bad faith or other equitable grounds for denying enforcement of the patent against defendant or awarding it a royalty-free license.

Defendant took a calculated business risk in the handling of the negotiations and in equity cannot now be heard to complain when somebody else "made the deal." Defendant carefully and definitely made it clear that it was not entering into a binding contract to purchase Hemmeter's business while at the same time volunteering
261 to prepare an amended patent application which had been completed and filed before the Bishman negotiations commenced.

D. Conclusion.

We conclude that claims 1, 6, 7 and 12 of the Hemmeter patent in issue are invalid, that claim 4 is valid, that defendant's accused device infringes that claim, and that Hemmeter's conduct was not such as to warrant equitable relief to defendant. Plaintiff is entitled to a judgment consistent with these conclusions providing for appropriate money damages and an injunction against further infringement.

HUBERT L. WILL,
United States District Court

Dated: August 31, 1966

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FILED
SEP 11 1967
JOHN F. DAVIS, CLERK

In the Supreme Court of the United States

OCTOBER TERM, 1967

No. 386

STEWART-WARNER CORPORATION
Petitioner

vs.

BISHMAN MANUFACTURING CO. AND GEORGE T. HEMMETER
Respondents

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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Keyword-Court Brief Prtg. Co., Alpha., Minn. 55415

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Petitioner

VS.

BISHMAN MANUFACTURING CO. AND GEORGE T. HEMMETER

Respondents

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

FOREWORD

The present petition for writ of certiorari is opposed and should be denied because it does not present any question that even remotely justifies consideration or intervention by this Court. It has obviously been brought for the sole purpose of further delaying enforcement of the judgment entered by the District Court and which was unanimously affirmed by the United States Court of Appeals for the Seventh Circuit.

In its effort to present the "special and important reason" for review, required by this Court's Rule 19, petitioner contends that there is decisional conflict between this

and other courts that should be resolved. This contention, however, is also without merit because the alleged conflict does not exist, except, at most, as a fiction built around a distorted presentation of the facts and a misinterpretation of the allegedly conflicting decisions.

It is also to be noted that the petition not only does not raise a constitutional issue but emphasizes (P. 3) that no statutory provision is involved. Thus it relies entirely on certain assumed equitable considerations, as the basis for its request that this Court "resolve the uncertainty which now (supposedly) exists in that (this) area of the law" (P. 15).

In doing so, however, the petition completely ignores the established fact that the equities, as well as the facts and the law, in this case overwhelmingly support the respondents' position throughout. This will be perfectly evident from a reading of the trial court's fifty findings of fact (R. 473-486) from which it is clear that during the early negotiations between respondent Hemmeter and petitioner, the latter's patent department not only drafted the claim in suit, in the hopes of obtaining a license thereunder, but that its highly trained engineers took full advantage of the practical know-how, obtained from Hemmeter, in substantially copying every detail of his balancer. This was even conceded in petitioner's brief to the court of appeals wherein (P. 44) it was said that "defendant does not quarrel with the District Court's holding (finding 50, R. 486) that the radially spaced rotating counterweights of its balancers are the functional and mechanical equivalents of the counterweights mounted 'for rotation in axially-spaced planes' called for by claim 4 of the Hemmeter '003 patent."

Under these circumstances the experienced courts below,

properly disposed of the hard factual and legal issues presented, and with equal propriety, refused to recognize the artificial equities which defendant-petitioner has repeatedly attempted to provoke in its own behalf.

For sake of consistency and convenience the decisions below will herein be referred to as they appear in the appendices to the petition (i.e., Apps. A, B, C, etc.), the abbreviations noted on page 2 of the petition will be adopted, and the petition itself will be designated as (P. ——).

THE PREMISES FOR THE PETITION ARE ERRONEOUS

Respondents submit that the present petition is predicated on assumptions and inferences which are misleadingly inaccurate and particularly in the following significant respects:

(a) Petitioner's infringing balancer is incorrectly described.

(b) The alleged estoppel does not exist.

(c) There is no conflict between decisions.

ARGUMENT

(a) Petitioner's infringing balancer is incorrectly described.

In describing "The Wheel Balancers Involved In This Action" (P. 4) petitioner states that the claimed Hemmeter balancer has a pair of counterweights that recycle "in axially spaced planes" while the Stewart-Warner device has counterweights that recycle "in common planes of rotation,

but radially spaced." This half-truth is then aggravated by the presumption (footnote P. 5) that "there are, of course, only two possible arrangements" for mounting such weights i.e., "they must be axially spaced . . . or radially spaced." Ergo, it must also follow that there is a sharp distinction between the two.

The conclusion thus reached is fallacious because the attempted distinction is fictitious. Otherwise, on such a basic issue, surely petitioner should have presented to this Court some illustration of the infringing device, but that has significantly not been done.

Nor is there any proof in this case that for weights to recycle past each other they must be "axially—*or*—radially spaced." In fact petitioner's own device is a combination of ***both*** axial ***and*** radial spacing, as pointed out in the trial court's finding 47 (R. 485) wherein it is made crystal clear that:

> "In defendant's . . . balancer the rotatable weight members consist of two radially extending arms . . . to the outer ends of which are attached lugs, the arm and lug of each member forming the weight proper. The arm portions of the two weights are axially spaced while the lugs thereof are radially spaced, etc."

The foregoing finding was never challenged in the courts below, and, as petitioner's present position on this basic premise is clearly inconsistent with the finding the attempted structural distinctions must be rejected.

(b) The alleged estoppel does not exist.

Under the caption of "Questions Presented" the petition (P. 2) categorically presumes the existence of file wrapper estoppel, and then proceeds to philosophize on how estop-

pel should supposedly be "measured" or "limited." The position taken is tenuous as well as inconsistent with itself.

There is no denying that Hemmeter's original claim 11 (R. 378) can be read on petitioner's balancer. But what of it? The claim as thus filed was clearly invalid for numerous reasons including the one that it was too broad. As the trial court said (R. 149) "This (claim 11) was asking for the moon. They didn't get it."

The doctrine of file wrapper estoppel is a rule, and a salutary one, that precludes a patentee from interpreting a claim of his patent to recapture the substance of a broader claim that he cancelled during the prosecution of his application in order to obtain the issued claim. In short, a patentee cannot reclaim what he has disclaimed to get his patent. Prior art considerations have no bearing on the problem, as made clear by the appeal court's order (App. C. 15a) amending its original opinion.

As stated in the amended opinion (App. A, 6a):

> "A necessary condition for the establishment of a file wrapper estoppel is that the patentee must have narrowed his claim in response to an objection by the Patent Office *in order to obtain the patent.*" (Emphasis added.)

Furthermore, in so ruling the appeal court specifically cited and relied on the very Supreme Court decisions which petitioner now contends are in conflict with the opinion, namely, *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U. S. 126 (1942), and *I.T.S. Rubber Co. v. Essex Rubber*, 272 U. S. 429 (1926).

In *Exhibit Supply* the patentee was clearly attempting to construe his claim 7, in suit, to mean exactly what it meant before being amended, and this was denied as an

attempt "to recapture claims which the patentee has surrendered by amendment" (315 U. S. at 136).

Likewise, in *I.T.S. Rubber* this Court found that because the patentee had narrowed his claim "in order to secure his patent . . . (he) is therefore estopped to claim the benefit of his rejected claim or such a construction of his amended claim as would be equivalent thereto" (272 U. S. at 443-444).

Even petitioner concedes that a prerequisite to estoppel must include an attempt "to cover subject matter the patentee unsuccessfully attempted to claim in his application" . . . and "as a condition for granting the patent" (P. 3).

Finally, and as a significant matter which petitioner chooses to ignore, the Hemmeter file history does not contain a single earlier claim directed to the three weight inventive concept defined by the claim 4 in suit, and not even petitioner has so contended. This is the all-important consideration in determining validity and infringement, while the "axial spacing" expression was never even mentioned in the Patent Office as a condition for the allowance of the claim.

This whole subject was disposed of in detail by the court of appeals (App. A, 5a-6a), and in a manner completely consistent with the law and the facts. Consequently its conclusion that "the doctrine of file wrapper estoppel is therefore inapplicable" is equally sound.

(c) There is no conflict between decisions.

As already noted the Amended Seventh Circuit decision (App. A) is not at all in conflict with this Court's decisions in *Exhibit Supply* and *I.T.S. Rubber*. Nor does it disagree with *Schriber-Schroth Co. v. Cleveland Trust Co.*, 311 U.

S. 211, where, again, the Court properly rejected the patentee's attempt "to revive cancelled or rejected claims and restore them to their patents" (at 240).

There is also no conflict between the Fifth Circuit decision in *Hunt Tool Co. v. Lawrence*, 242 F. 2d 347, and those by this Court, or other courts of appeal. In *Hunt*, which closely parallels the present situation, and in which certiorari was denied (77 S. Ct. 1296) in 1957, the Court recognized the established doctrine of file wrapper estoppel as applicable when a patentee is "claiming a construction for the unchanged and allowed claims that would in effect recapture the territory initially abandoned . . . (adding) this is not so here" (at 353).

CONCLUSION

There is clearly no conflict, express or implied, between the reported decisions of the various appellate courts on the issue of file wrapper estoppel, and since the alleged uncertainty which is said to be present in this area of the law simply does not exist the subject petition should be summarily denied.

Respectfully submitted,

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No. 386

In the
Supreme Court of the United States
October Term, 1967

STEWART-WARNER CORPORATION,
Petitioner,

vs.

BISHMAN MANUFACTURING CO. and GEORGE T. HEMMETER,
Respondents.

PETITIONER'S REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

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PETITIONER'S REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

Two passages in respondents' brief inadvertently expose the basic fallacy—and inherent evil—in the decision sought to be reviewed by the petition for certiorari in this case.

In the first passage, respondents candidly admit that the original claims in the Hemmeter application were too broad to be valid. As respondents put it:

> "There is no denying that Hemmeter's original claim 11 (R. 378) can be read on petitioner's balancer. But what of it? The claim as thus filed was clearly invalid for numerous reasons including the one that it was too broad . . ." (Respondents' Brief, p. 5).

In the second passage, respondents nevertheless maintain there is no file wrapper estoppel in this case because "the 'axial spacing' expression was never even mentioned in the Patent Office as a condition for the allowance of the claim" held valid and infringed by the District Court and Court of Appeals (Respondents' Brief, p. 6).

Thus, respondents argue—and the Court of Appeals has held—that any phrase or expression not mentioned in the file history as a condition for allowance of the patent can be expanded, through the doctrine of equivalents, to have the same scope as a broader phrase appearing in a cancelled claim which was admittedly too broad to be valid.

This, of course, is the very result the doctrine of file wrapper estoppel was designed to prevent.

The decisions of *this* Court make it clear that the doctrine was not meant to be limited to claim phrases or expressions which were required by the Patent Office or mentioned in the file history as a condition for allowance of the patent. For example, *Schriber-Schroth Co.* v. *Cleveland Trust Co.* (1940), 311 U.S. 211, held that an estoppel existed in a case where the file history contained no indication of the reason for allowance of the claims in issue, with the Court expressly stating:

> "*. . . it does not appear why the patent office allowed the broad claims after rejecting the narrower ones.* But in any case, the patentee, having acquiesced in their rejection, is no longer free to gain the supposed advantage of the rejected claims by a construction of the allowed claims as equivalent to them . . ." (311 U.S. 221-222; emphasis supplied).

In short, there *is* a decisional conflict between the Courts of Appeals for the Seventh and Fifth Circuits, on the one hand, and this Court and the Courts of Appeals for the Second and Ninth Circuits, on the other, and respondents cannot make that conflict disappear simply by asserting it does not exist.

Conclusion

Respondents have not denied that the doctrine of equivalents is invoked to establish infringement in a majority of the cases in which infringement is an issue, and that file wrapper estoppel defenses are asserted in over half of those cases.

The need for uniformity in this area of the law—and the need for an objective standard for determining whether a file wrapper estoppel exists in a particular case—are accordingly clear.

The rule now being applied in the Seventh and Fifth Circuits is, however, incapable of objective application; it requires an inquiry into the patentee's *motives or reasons* for inserting each phrase or expression into the patent claims.

Unless this Court requires the Courts of Appeals to put the law of file wrapper estoppel back on its historical disclaimer basis, the doctrine may soon pass out of the law completely, for the Patent Office has recently begun the practice of permitting amendments and allowing claims after nothing more than a telephone interview between the Examiner and the applicant's attorney.* In such cases, there is no formal Patent Office action and, hence, no basis on which one can even *speculate* as to the reasons for the claim amendments. As a result, there could never be a file

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* Two Patent Office notices relating to the telephone interview practice are set forth in the appendix to this brief.

wrapper estoppel in such a case, under the rule now being applied in the Seventh and Fifth Circuits.

Petitioner urgently requests the Court to grant certiorari in this case.

Respectfully submitted,

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APPENDIX

Telephone Numbers on Amendments and Other Papers

In view of the increased use of telephone interviews regarding matters which can be readily cleared up by a telephone call to applicant or his representative, it is again recommended that amendments and other papers, such as letters of transmittal, include the complete telephone number with area code and extension, preferably near the signature of the writer.

RICHARD A. WAHL,
Assistant Commissioner.

Mar. 11, 1966.

Interview Practice Preliminary to Notice Under 35 U.S.C. 132

Effective Sept. 1, 1967 the following practice will be initiated in the Patent Office on a six months experimental basis:

If, upon review of a *new* application at the time it is reached for examination, the Examiner determines that *all* claims are not in allowable condition but that most of them are allowable or can be corrected to be made allowable, applicant's attorney or agent will be so notified by letter accompanied by copies of the most pertinent references found in a search of the prior art. Within approximately one week from the date of the letter, the Examiner will contact the attorney or agent by telephone for purposes of discussing the merits of the application if in the interim other disposition of the application has not been made.

This practice is designed to facilitate early agreement between applicant's representative and the Examiner in defining the allowable subject matter. The practice should result in early disposition of applications in which the Examiner determines that allowable subject matter is present. For purposes of the written record applicant may file a paper at any time prior to submission of the issue fee wherein he points out the patentable novelty which he thinks the claims present in view of the state of the art disclosed by the references cited.

Examiners will continue the present practice of calling applicants or their representatives for discussion in *new* applications in which the application of prior art is not at issue or is only a very minor problem, and there is accordingly no necessity for furnishing copies under the above procedure.

RICHARD A. WAHL,
Assistant Commissioner.

July 11, 1967.